## Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 RSC-01 DRC-01 /039 W

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R 141717Z SEP 73

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 6677

**UNCLAS MADRID 5274** 

FOR COMMERCE

E.O.: 11652: N/A TAGS: ETRD, SP

SUBJ: MARKET SURVEY: METALWORKING AND FINISHING EQUIPMENT (MFE)

REF: DEPT A-6738

- 1. ACCORDING A-6738, EMBASSY DISTRIBUTED SPECIFICATIONS MFE STUDY TO NINE LOCAL CONSULTANTS. THREE SUBMITTED PROPOSALS FORWARDED INTERNATIONAL AIR MAIL SEPT. 14.
- 2. IBERIAN MANAGEMENT CONSULTANTS (IMACO), PLAZA DE LA LEALTAD 2, MADRID 14, FEE IS PTAS. 280,000 OR US DOLS. 5,000 FOR STUDY SPAIN ALONE. MINIMUM 36 PERSONAL INTERVIEWS DISTRIBUTED AS FOLLOWS: IMPORTERS 5; MANUFACTURERS 5; END-USERS 20; TRADE ASSOCIATIONS 3; OTHERS 3. TELEPHONE INTERVIEWS STATED OF LITTLE VALUE AND USED ONLY TO SUPPLEMENT ABOVE. PREVIOUS STUDIES MFE OR HIGH TECHNOLOGY AREAS FOR MOTOR IBERICA (FARM AND INDUSTRIAL VEHICLES AND MACHINERY), ZARDOYA (ELEVATORS) AND OTIS SCHNEIDER (ELEVATORS). TIME SCHEDULE OUTLINED IN PROPOSAL MEANS FOUR WEEKS CONSULTANT TIME; PROGRESS REPORT AND FINAL STUDY WILL BE DELIVERED AS SPECIFIED BY COMMERCE. EMBOFF VERY IMPRESSED BY CREDENTIALS-MECHANICAL ENGINEER, WORKED FOR US FIRMS AND PERSONAL DISCUSSION OF PROJECT WITH PRINCIPAL CONSULTANT FOR PROJECT, GASTON OLEA.
- 3. SPANISH ADVISORY SERVICE, AV. GENERALISIMO 96, MADRID 16, FEE IS PTAS. 259,960 OR US DOLS. 4,642, ALTERNATIVELY PTAS. 254,660 OR US DOLS. 4,546 FOR FOUR COPIES, STUDY SPAIN ALONE. MINIMUM UNCLASSIFIED

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15 PERSONAL INTERVIEWS AND 50 MAIL INTERVIEWS DISTRIBUTED AS

FOLLOWS: MANUFACTURERS AND END-USERS IN FIVE SPECIFIC PRODUCT CATEGOREIS, 10 PERSONAL AND 50 MAIL; IMPORTERS, 5 PERSONAL; TRADE ASSOCIATIONS UNSPECIFIED. CONSULTANT ASSURES WILL ALSO INTERVIEW IN BARCELONA, SPAIN'S LEADING INDUSTRIAL CENTER. TELEPHONE INTERVIEWS JUDGED NOT FEASIBLE. NO EXPERIENCE IN MFE BUT HAS SURVEYED PRODUCT MARKETS. AMERICAN OWNED AND OPERATED FIRM WITH COMPETENT STAFF. EMBOFF DISCUSSED PROJECT WITH SUPERVISOR A. ANDERSON AND CHIEF RESEARCHER C. SCANLAN WHO WILL AWARE OF AMERICAN BUSINESS INFORMATION REQUIREMENTS AND IMAGINATIVE IN APPROACH TO STUDY.

- 4. METRA SEIS, HERMANOS PINZON 3, MADRID 16, FEE IS PTAS.
  613,000 OR US DOLS. 10,946 (EXCHANGE RATE USED IN PROPOSAL
  INCORRECT, SHOULD BE 56 PESETAS PER US. 1.00) PLUS 2.7 PERCENT
  TAX. MINIMUM 110 PERSONAL INTERVIEWS DIS TRIBUTED AS FOLLOWS:
  END-USERS 80; TRADE 5; MANUFACTURERS 10; GOVERNMENT OFFICIALS
  5; OTHERS 10. TELEPHONE INTERVIEWS 200. EXTENSIVE EXPERIENCE
  IN MFE AND OTHER HIGH TECHNOLOGY AREAS; MARKET STUDIES OF FINE
  STEEL END USERS, AIRCRAFT INDUSTRY, PUMPS, AND OTHERS. EXTREMELY
  HIGH FEE PUTS PROPOSAL OUT OF CONSIDERATION BY DEMONSTRATES
  MORE EXTENSIVE INFORMATION THAT CAN BE GATHERED WITH HIGHER
  BUDGET.
- 5. BIDDERS WILL ADHERE TO COMMERCE TIMETABLE IF CONTRACT AWARDED BY SEPT. 28. LATER DATE MAY DELAY DELIVERY FINAL STUDY.
- 6. EMBASSY OPINION IMACO OFFERS BEST TECHNICAL KNOWLEDGE OF MFE WHILE SPANISH ADVISORY SERVICE OFFERS BEST UNDERSTANDING INFORMATION SOUGHT BY AMERICAN BUSINESSMEN AND BEST ENGLISH CAPABILITY. BOTH FIRMS ANXIOUS TO GET CONTRACT AND WE BELIEVE EITHER WOULD DO CREDIBLE JOB. METRA SEIS BID TOO HIGH; OTHERS COULD DUPLICATE LARGER NUMBER INTERVIEWS AT HIGHER BUDGET.
- 7. EMBASSY WOULD LIKE TO POINT OUT THAT MOST FIRMS DECLINED BID BECAUSE OF LOW PRICE FRAME. PROSPECT OF ADD-ON BUSINESS USED TO STIMULATE TWO BIDS WITHIN COMMERCE PROPOSED BUDGET.

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: n/a Control Number: n/a Copy: SINGLE Draft Date: 14 SEP 1973 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: n/a Disposition Approved on Date: Disposition Authority: n/a Disposition Case Number: n/a

Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Decument Number: 1070MARS

Document Number: 1973MADRID05274 Document Source: CORE Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: N/A Errors: N/A Film Number: n/a From: MADRID

Handling Restrictions: n/a

Image Path:

Legacy Key: link1973/newtext/t19730934/aaaaayzt.tel Line Count: 98

Locator: TEXT ON-LINE Office: ACTION COME Original Classification: UNCLASSIFIED

Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators: Previous Classification: n/a Previous Handling Restrictions: n/a Reference: DEPT A-6738 Review Action: RELEASED, APPROVED Review Authority: martinjw

Review Comment: n/a Review Content Flags: Review Date: 07 SEP 2001

**Review Event:** 

Review Exemptions: n/a
Review History: RELEASED <07-Sep-2001 by reddocgw>; APPROVED <30-Jan-2002 by martinjw>

**Review Markings:** 

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

**Review Media Identifier:** Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE

Subject: MARKET SURVEY: METALWORKING AND FINISHING EQUIPMENT (MFE)

TAGS: ETRD, SP To: STATE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005